

# ***National Credit Union Administration***



## ***Operating Fund***

***Financial Highlights  
August 31, 2005***

**Dennis Winans  
Chief Financial Officer**

***National Credit Union Administration Operating Fund***  
***Financial Highlights***  
***August 31, 2005***

**Balance Sheet**

Overnight Investments decreased \$8.9 million for payment of operating expenses.

Accounts Receivable increased \$203,000 (net) as a result of relocation advances and routine payroll clearing accounts.

Home Purchase Program increased \$183,000 as a result of the purchase of one employee's residence. Currently, there are two homes in the Home Purchase Relocation Program.

Accrued Employee Compensation decreased \$2.8 million due to the accrual for 8 days at the end of August versus 25 days in the previous month. Accruals are reversed the first working day of the month.

Other Current Liabilities decreased \$5.3 million. The majority of the decrease is the result of deferred income that will be recognized evenly over the remaining calendar period.

**Statement of Revenue and Expense**

Net income for the month was \$417,000 higher than planned due to expenses (pay, benefits, and contracted services) being under budget.

**Statement of Cash Flow**

Cash decreased by \$8.9 million for the month, reflecting payment of operating expenses and minimal revenue collections. As of August 31, operating fees of approximately \$14,300 remain outstanding.

**Budget (Year-to-Date)**

Agency spending was under budget by \$9.6 million or 9.7 percent. Pay, benefits, and travel were under budget by 8.5%, and comprised \$7.1 million or approximately three-quarters of the total budget variance. The remaining variance of \$2.5 million was derived from administrative and contracted services.

**Vacancies**

The agency had 47 vacancies (excluding summer interns) as of August 20 -- up from 41 in July. Of the 47 vacancies, there were 27 vacancies in the central office, 10 vacancies in the regional offices and AMAC, and 10 vacancies in the field staff. The 47 vacancies represent 4.89 percent of total authorized staff of 960.97.

**National Credit Union Administration Operating Fund**  
**Balance Sheets & Changes in Fund Balance**  
**August 31, 2005**

	August 2004	July 2005	August 2005
<b>ASSETS</b>			
<b>ASSETS:</b>			
Current Assets			
Cash	\$5,324.38	\$5,744.39	\$5,415.31
Overnight Investments	50,921,000.00	50,225,000.00	41,328,000.00
Accounts Receivable	892,516.94	564,478.54	767,282.66
Interest Receivable	0.00	0.00	0.00
Prepaid Expenses	519,063.85	877,732.32	586,065.52
Home Purchase Program	0.00	281,564.13	464,768.91
Other	73,279.23	500.00	230,422.75
<i>Total Current Assets</i>	<u>52,411,184.40</u>	<u>51,955,019.38</u>	<u>43,381,955.15</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	28,679,110.00	28,050,965.00	27,978,054.00
Capital Lease	1,678,463.65	729,351.43	677,403.10
Equipment	2,063,333.09	2,428,406.09	2,499,004.09
Other	0.00	0.00	0.00
<i>Total Property, Plant, and Equipment</i>	<u>36,367,170.69</u>	<u>35,154,986.47</u>	<u>35,100,725.14</u>
<b>TOTAL ASSETS</b>	<u><u>88,778,355.09</u></u>	<u><u>87,110,005.85</u></u>	<u><u>78,482,680.29</u></u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES:</b>			
Current Liabilities			
Accounts Payable	2,587,091.74	1,689,219.49	1,179,469.28
Accrued Employee Compensation	16,551,748.66	15,619,370.02	12,844,362.09
Other Current Liabilities	20,222,985.07	25,935,046.44	20,677,552.94
<i>Total Current Liabilities</i>	<u>39,361,825.47</u>	<u>43,243,635.95</u>	<u>34,701,384.31</u>
Non-Current Liabilities			
Notes Payable	25,589,558.05	24,360,365.36	24,248,620.57
Other	1,599,203.23	558,904.02	592,000.33
<i>Total Non-Current Liabilities</i>	<u>27,188,761.28</u>	<u>24,919,269.38</u>	<u>24,840,620.90</u>
<b>TOTAL LIABILITIES</b>	<u><u>66,550,586.75</u></u>	<u><u>68,162,905.33</u></u>	<u><u>59,542,005.21</u></u>
<b>FUND BALANCE:</b>			
Beginning Balance	17,246,526.20	14,934,623.95	14,934,623.95
Current Year Earnings	4,981,242.14	4,012,476.57	4,006,051.13
<b>TOTAL FUND BALANCE</b>	<u><u>22,227,768.34</u></u>	<u><u>18,947,100.52</u></u>	<u><u>18,940,675.08</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$88,778,355.09</u></u>	<u><u>\$87,110,005.85</u></u>	<u><u>\$78,482,680.29</u></u>

**National Credit Union Administration Operating Fund**  
**Statement of Revenue & Expense**  
**August 31, 2005**

	<b>August 2005 Monthly Actual</b>	<b>August 2005 Monthly Budget</b>	<b>August 2005 Year-To-Date Actual</b>	<b>August 2005 Year-To-Date Budget</b>	<b>August 2004 Year-To-Date Actual</b>
<b>REVENUE:</b>					
Interest Income	\$156,978.40	\$41,666.67	\$827,494.42	\$333,333.32	\$329,980.46
Program-related Income	5,169,180.36	5,067,500.00	41,310,841.44	40,540,000.00	39,607,620.70
Other Income	20,353.58	12,500.00	116,639.66	100,000.00	58,899.29
Total Revenue	<u>5,346,512.34</u>	<u>5,121,666.67</u>	<u>42,254,975.52</u>	<u>40,973,333.32</u>	<u>39,996,500.45</u>
<b>EXPENSES:</b>					
Employee Pay	3,204,330.73	3,395,953.57	23,645,234.28	25,570,626.58	21,953,110.88
Employee Benefits	824,986.57	876,074.24	6,154,932.31	6,608,052.12	5,518,855.03
Employee Travel	472,688.65	459,343.84	3,021,375.25	3,674,750.44	2,780,463.72
Rent/Communications/Utilities	177,416.64	140,828.50	1,049,616.37	1,126,628.60	1,144,517.39
Administrative Costs	432,462.14	376,191.58	2,871,434.72	3,009,532.11	2,374,248.91
Contracted Services	241,053.05	296,930.02	1,506,331.46	2,375,439.79	1,244,062.38
Total Expenses	<u>5,352,937.78</u>	<u>5,545,321.75</u>	<u>38,248,924.39</u>	<u>42,365,029.64</u>	<u>35,015,258.31</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u><u>(\$6,425.44)</u></u>	<u><u>(\$423,655.08)</u></u>	<u><u>\$4,006,051.13</u></u>	<u><u>(\$1,391,696.32)</u></u>	<u><u>\$4,981,242.14</u></u>

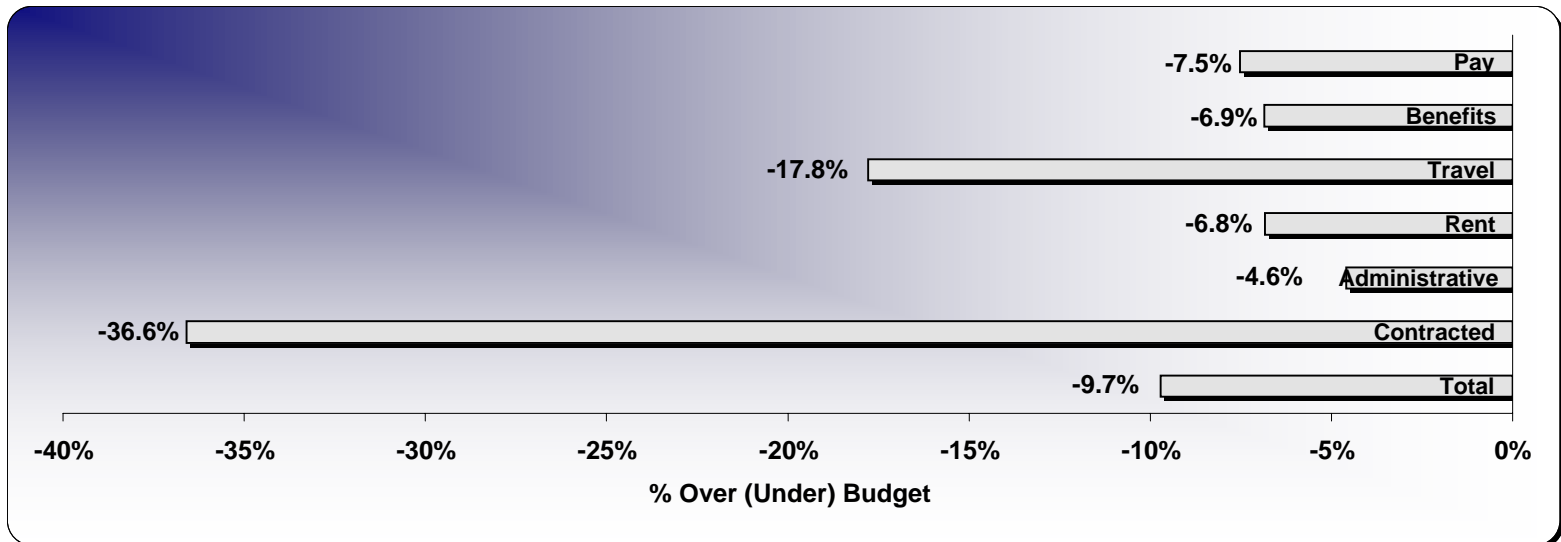
**National Credit Union Administration Operating Fund**  
**Statement of Cash Flow**  
**August 31, 2005**

	Month	Month	Y-T-D	Y-T-D
	August 2004	August 2005	August 2004	August 2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Income from operating fees	\$72,628.85	\$1,062.20	\$59,870,121.47	\$61,947,344.43
Interest received from cash and cash equivalents	70,485.25	156,978.40	329,980.46	827,494.42
Other income received	1,883.00	20,353.58	58,899.29	116,639.66
(Cash paid for operating expenses)	(3,141,224.11)	(8,566,447.30)	(30,386,861.07)	(36,107,125.28)
<b>Net cash (used) provided by operating activities:</b>	<u>(2,996,227.01)</u>	<u>(8,388,053.12)</u>	<u>29,872,140.15</u>	<u>26,784,353.23</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds (purchases) of fixed assets	(81,855.92)	(212,281.19)	(1,277,396.01)	(1,239,150.34)
(Capital lease payments)	(6,240.51)	(2,045.20)	(1,166,533.65)	(1,112,958.09)
Proceeds (purchases) home purchase program	494,410.19	(183,204.78)	(58,407.41)	(431,673.84)
<b>Net cash (used) in investing activities</b>	<u>406,313.76</u>	<u>(397,531.17)</u>	<u>(2,502,337.07)</u>	<u>(2,783,782.27)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(893,958.32)	(893,958.32)
<b>Net cash (used) in financing activities</b>	<u>(111,744.79)</u>	<u>(111,744.79)</u>	<u>(893,958.32)</u>	<u>(893,958.32)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(2,701,658.04)	(8,897,329.08)	26,475,844.76	23,106,612.64
Cash and cash equivalents at beginning of period	53,627,982.42	50,230,744.39	24,450,479.62	18,226,802.67
<b>Cash and cash equivalents at end of period</b>	<u>\$50,926,324.38</u>	<u>\$41,333,415.31</u>	<u>\$50,926,324.38</u>	<u>\$41,333,415.31</u>
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
<b>Net income (loss)</b>	<u>\$470,097.05</u>	<u>(\$6,425.44)</u>	<u>\$4,981,242.14</u>	<u>\$4,006,051.13</u>
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>				
Depreciation and amortization	186,935.35	301,385.03	1,332,121.73	2,165,052.89
Unrealized (gain) loss	0.00	0.00	0.00	71,478.11
(Gain) loss on disposal of fixed assets	18,811.00	0.00	22,531.00	1,839.00
(Gain) loss on disposal of homes	58,407.41	0.00	58,407.41	13,524.98
Interest expense on leases	5,283.29	299.00	63,083.72	16,226.02
Miscellaneous allowances	(20,453.97)	0.00	(23,663.22)	102.69
<b>Change in current assets and liabilities</b>				
(Increase) decrease in assets:				
SIF repayment of Operating Fund for leases	0.00	0.00	317,620.59	317,620.59
Accounts receivable	(476,619.35)	(202,804.12)	1,548,642.26	60,279.39
Interest receivable	0.00	0.00	583.97	0.00
Prepaid expenses	(9,586.55)	291,666.80	(251,846.17)	1,941.58
Other assets	(71,922.42)	(229,922.75)	(73,279.23)	(230,422.75)
Increase (decrease) in liabilities:				
Accounts payable	738,272.39	(509,750.21)	135,391.40	(1,139,110.19)
Accrued employee compensation	912,728.81	(2,775,007.93)	832,152.24	883,574.85
Other non current liabilities	90,333.81	(0.00)	572,958.29	(0.00)
Other current liabilities	(4,898,513.83)	(5,257,493.50)	20,356,194.02	20,616,194.94
<b>Total adjustments</b>	<u>(3,466,324.06)</u>	<u>(8,381,627.68)</u>	<u>24,890,898.01</u>	<u>22,778,302.10</u>
<b>Net cash (used) provided by operating activities</b>	<u>(\$2,996,227.01)</u>	<u>(\$8,388,053.12)</u>	<u>\$29,872,140.15</u>	<u>\$26,784,353.23</u>

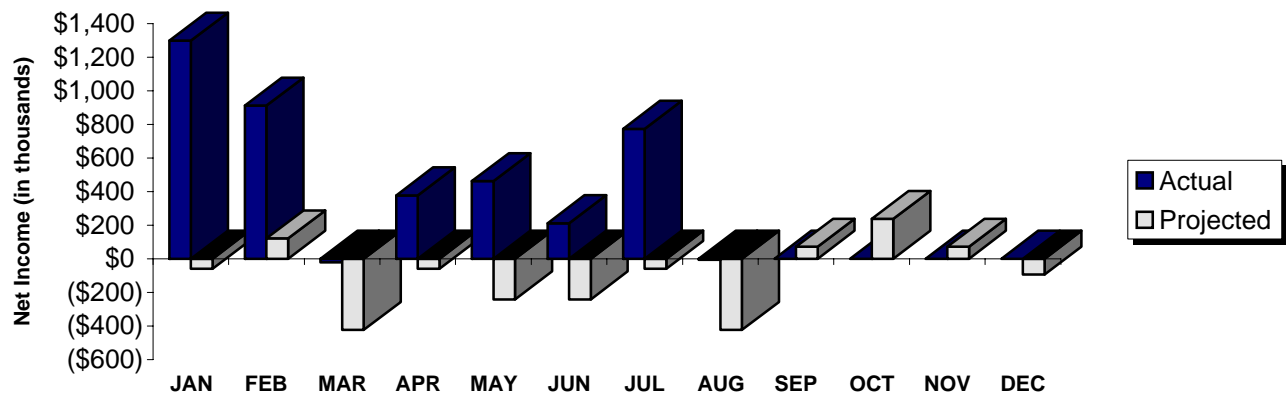
**National Credit Union Administration Operating Fund**  
**(Before Overhead Transfer)**  
**Year-To-Date Budget Report Analysis**  
**August 31, 2005**

	2005				2004			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
<b>Employee Pay</b>	59,466,573	54,988,917	(4,477,657)	-7.5%	58,791,822	54,609,729	(4,182,093)	-7.1%
<b>Benefits</b>	15,367,563	14,313,796	(1,053,767)	-6.9%	15,034,228	13,728,495	(1,305,733)	-8.7%
<b>Travel</b>	8,545,931	7,026,454	(1,519,477)	-17.8%	8,994,784	6,916,576	(2,078,207)	-23.1%
<b>Rent, Communications, &amp; Utilities</b>	2,620,067	2,440,968	(179,098)	-6.8%	2,963,575	2,847,058	(116,517)	-3.9%
<b>Administrative</b>	6,998,912	6,677,755	(321,157)	-4.6%	8,436,968	5,906,092	(2,530,876)	-30.0%
<b>Contracted Services</b>	5,524,279	3,503,096	(2,021,182)	-36.6%	5,455,500	3,094,683	(2,360,817)	-43.3%
<b>TOTAL</b>	98,523,325	88,950,987	(9,572,338)	-9.7%	99,676,876	87,102,633	(12,574,244)	-12.6%

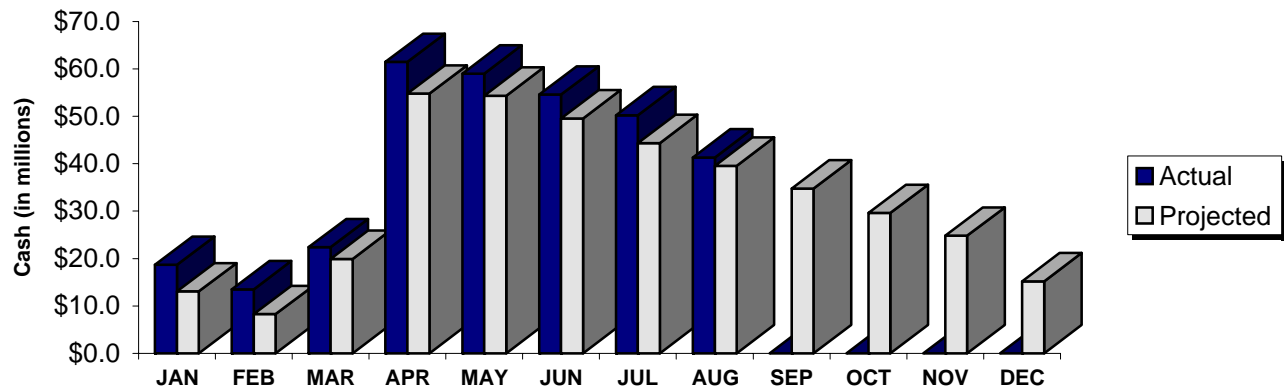
**Percent Over (Under) Budget**  
**August 31, 2005**



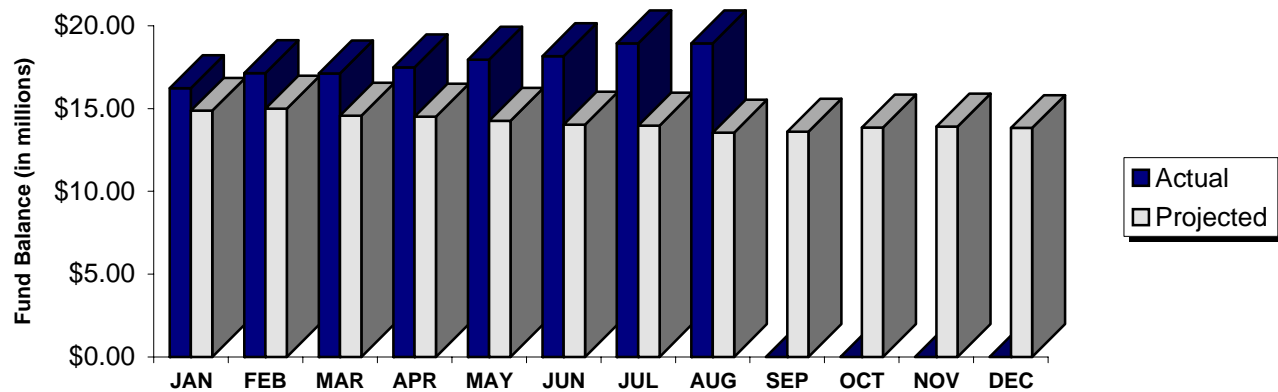
### Actual & Projected Net Income (2005)



### Actual & Projected Cash Balance (2005)



### Actual & Projected Fund Balance (2005)



# ***National Credit Union Administration Operating Fund***

## ***Ratios***

***August 31, 2005***

### **BALANCE SHEET**

**August 2004**

**August 2005**

<u>Liquid assets / Total assets</u>	57.36%	52.67%
<u>Current assets / Total assets</u>	59.04%	55.28%
<u>Fixed assets / Total assets</u>	40.96%	44.72%
<u>Current liabilities / Total assets</u>	44.34%	44.22%
<u>Non current liabilities / Total assets</u>	30.63%	31.65%
<u>Retained Earnings / Total assets</u>	25.04%	24.13%

### **STATEMENT OF REVENUE & EXPENSE**

<u>YTD Interest &amp; other income / Total revenue</u>	0.97%	2.23%
<u>YTD Program related income / Total revenue</u>	99.03%	97.77%
<u>YTD Expenses / Total revenue</u>	87.55%	90.52%
<u>YTD Net income / Total revenue</u>	12.45%	9.48%

### **CASH**

<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$26.5	\$23.1
<u>Cash end of month - Cash beginning of year / Cash BOY</u>	108.3%	126.8%
<u>Cash and cash equivalents / Total assets</u>	57.4%	52.7%